

SENATE RECORD VOTE ANALYSIS

105th Congress
1st Session

Vote No. 139

June 27, 1997, 9:37 am
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TAXPAYER RELIEF ACT/No Strings on the Child Credit

SUBJECT: Taxpayer Relief Act of 1997 . . . S. 949. Gramm amendment No. 552.

ACTION: AMENDMENT REJECTED, 46-54

SYNOPSIS: As reported, S. 949, the Taxpayer Relief Act of 1997, will provide net tax relief of \$76.8 billion over 5 years and \$238 billion over 10 years. The cost will be more than offset by the economic dividend (\$355 billion over 10 years) that will result from balancing the budget in fiscal year (FY) 2002. This bill will enact the largest tax cut since 1981 and the first tax cut since 1986. It will give cradle-to-grave tax relief to Americans: it will give a \$500-per-child tax credit, education tax relief, savings and investment tax relief, retirement tax relief, and estate tax relief. Over the first 5 years, approximately three-fourths of the benefits will go to Americans earning \$75,000 or less. It will eliminate a third of the increased tax burden imposed by the 1993 Clinton tax hike, which was the largest tax hike in history.

The Gramm amendment would strike the restriction on the \$500-per-child tax credit that will only allow parents to take it for their children ages 13 and older if they put the funds into education individual retirement accounts (IRAs). Under the Gramm amendment, parents would be free to use the tax relief as they wished.

Those favoring the amendment contended:

In the 1950s, American families sent a few cents out of every dollar in taxes to Washington; today they send more than a quarter. In our opinion, American families do not need to have the Congress taking so much of their money and spending it for them; they can spend it better themselves. Much of the stress on working families today comes from the combined burden of Federal, State, and local taxes. Both parents in two-parent families must work long hours just to meet the voracious appetite of the Government for their money, and for single-parent families the struggle is often lost and they end up on welfare. We Republicans have been trying to fix this problem for years. We have been waging a war to give tax relief to American families, and the centerpiece of that relief has been a proposed \$500-per-child tax credit.

(See other side)

YEAS (46)			NAYS (54)			NOT VOTING (0)	
Republicans (41 or 75%)		Democrats (5 or 11%)	Republicans (14 or 25%)	Democrats (40 or 89%)		Republicans (0)	Democrats (0)
Abraham	Hutchison	Akaka	Bennett	Baucus	Kennedy		
Allard	Inhofe	Conrad	Chafee	Biden	Kerrey		
Ashcroft	Kempthorne	Dorgan	Cochran	Bingaman	Kerry		
Bond	Kyl	Johnson	Craig	Boxer	Kohl		
Brownback	Lugar	Wellstone	Gorton	Breaux	Landrieu		
Burns	McCain		Grassley	Bryan	Lautenberg		
Campbell	McConnell		Gregg	Bumpers	Leahy		
Coats	Murkowski		Hatch	Byrd	Levin		
Collins	Nickles		Jeffords	Cleland	Lieberman		
Coverdell	Roberts		Lott	Daschle	Mikulski		
D'Amato	Santorum		Mack	Dodd	Moseley-Braun		
DeWine	Sessions		Roth	Durbin	Moynihan		
Domenici	Shelby		Specter	Feingold	Murray		
Enzi	Smith, Bob		Stevens	Feinstein	Reed		
Faircloth	Smith, Gordon			Ford	Reid		
Frist	Snowe			Glenn	Robb		
Gramm	Thomas			Graham	Rockefeller		
Grams	Thompson			Harkin	Sarbanes		
Hagel	Thurmond			Hollings	Torricelli		
Helms	Warner			Inouye	Wyden		
Hutchinson							

EXPLANATION OF ABSENCE:

1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:

AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

This year it looked as though we were going to win. We fully expected this bill to emerge from the Finance Committee with the tax credit intact. Imagine, then, our disgust when a last minute item was slipped in by the Committee just before sending the bill to the floor. That item says that parents can only take the credit for their teenage children if they spend the money on an educational IRA. Our colleagues have made the condescending, offensive claim that if Congress did not tell these kids' parents exactly how to spend the money, they would probably just spend it all on liquor and gambling. If that is so, let us take our colleagues' offensive reasoning to its logical conclusion: Congress ought to put a 100-percent tax rate on all those horrible, irresponsible people out there who just cannot be trusted to raise their kids right, and it should then give the money back in dribs and drabs on the condition that it be spent only on what Congress in its infinite wisdom believes it should be spent on. Most of us in the Senate are parents, and we thus well know what numerous studies have concluded: the cost of raising a child skyrockets when that child hits his or her teen years. In the very years that it becomes most expensive to care for a child, this bill will make the relief much less valuable. Consider, for example, a single mother who is struggling to make ends meet. She might need the tax credit to pay medical bills, to buy her kids clothes, or to repair her car so she can get to work. Our colleagues do not care--they have decided that the most important priority is to take \$500 from her in taxes and not to give it back unless she sets it aside to send her child to college. The point our colleagues just cannot grasp is that the \$500 credit that is being given is not the Government's money--it is money that it has taken from the very taxpayers to whom it is being given back. It is not right to attach conditions. Therefore, we strongly urge the adoption of the Gramm amendment.

Those opposing the amendment contended:

Argument 1:

The provision on educational IRAs is a compromise. Many of us were very concerned that giving \$500 to parents as a credit for their children would not benefit those children at all. Senators need to face facts: some parents are not very concerned about their children. The sad truth is that a lot of parents will think that the best use for an extra \$500-per-child refund will be a drunken spending spree at a casino. In the Finance Committee, a compromise was finally reached. For children through age 12, parents will get the cash, even though we all know that many of them will be too irresponsible and even uncaring to use it wisely. Once their kids hit their teen years, they will get the money only if they put it in education IRAs. This compromise is fair. For Republicans, this bill is intended to give tax relief, but for Democrats it is also designed largely to give more Federal support for higher education. Basically, this compromise tells parents that the Federal Government will set money aside for their kids' college educations if they so desire. This is a reasonable compromise that deserves our support.

Argument 2:

We very much support giving tax relief through a \$500-per-child tax credit, but we are also very supportive of measures to encourage savings and education. We compromised on the child tax credit, but it was not a very painful compromise because, though we gave a little ground, we did not have to swallow an offensive proposal in return. This compromise is fair, and we stand by it.